

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: December 2013 **LETTER NO.:** 13-CU-15
TO: Federally Insured Credit Unions
SUBJ: Supervisory Guidance on Private Student Loans
ENCL: Supervisory Letter — Private Student Loans

Dear Board of Directors and Chief Executive Officer:

Private student loan (PSL) products are an important component of higher education finance. Rising education costs, flat household income, and the growing gap between financial aid and federal coverage for student costs have led to a growing demand for these products to meet consumers' needs. With sound processes and controls in place, private student lending can provide a valuable service to members and generate income for credit unions.

NCUA has observed steady growth in the PSL market since the agency began collecting Call Report data on these loans in December 2011. PSLs are unlike other consumer-based loan products, and it is critical that credit unions have sound processes and controls in place to address their unique characteristics and risks.

NCUA has developed the enclosed Supervisory Letter to clarify the agency's supervisory expectations about direct and indirect PSL products.

I encourage you to review this letter and to contact your regional office or state supervisory authority if you have any questions on this subject.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure